



**Financial Management Systems Improvement Council
Meeting Notes
Hyatt Regency Bethesda
Bethesda, MD
November 18, 2003**

Attendees: Bonnie Apodaca-SNL, Tom Baranouskas-PNNL, Mike Bartos-ANL, Dan Becker-WSRC, Jim Campbell-DOE HQ, Bruce Chrisman-Fermilab, Nancy Fitchpatrick-DOE OR, Jim Herring-LANL, Brian Morishita-INEEL, Dean Olson-DOE HQ, Ron Ragland-BWXT Y12, Paul Rosenkoetter-INEEL, Brian Sack-BNL, Phil Schultz-LLNL

Guests: Marty Conger-PNNL, Warren Huffer-DOE HQ, Mark Israel-BNL, Lois Jessup-DOE HQ, Jay Johnson-LANL, Laura Kramer-DOE HQ, Aaron Menefee-LANL, Robert Meyers-DOE HQ, Chris Simpson-DOE HQ

Not present: Paul Keele-DOE ID,

Jim Herring

- *Expansion of FMSIC Membership.* Jim Herring introduced Dave Marks, DOE-NV NNSA as the newest member of FMSIC.



- *Raising the GPP limits.* There is current language in the FY 2004 Defense Authorization Act that raises the GPP limit to \$10M (only for Weapons Activities). Jim H. will make a copy of the legislation and distribute it to everyone. At the last FMSIC meeting the Council decided to conduct a survey as the basis for making a recommendation. Considering that the current threshold of \$5M was established in 1997, those sites who responded to the survey all favored an increase in the limit to \$10M. It was also noted that there would be impacts should a change occur.. If FMSIC makes a recommendation to raise the GPP limit to \$10M, it was also suggested the MIE threshold should also be increased to \$5M. The Council may want to conduct a more in-depth analysis on this issue.

Jim H. will draft a letter that contains a recommendation and will circulate this letter among the Council members prior to sending it to Jim Campbell. . (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>).

IGPP/IGPE. The IGPP pilot project should be moved to policy. It was agreed that Jim H. would draft a recommendation to move IGPP to policy also and that the letter would include requesting that rates could be increased. . (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>).

Project Life Cycle Planning. Although a call was issued to all of the Council members for providing a person from their organization who could serve on a working group to examine this issue, only three members responded. Members who can have someone from their site participate in this working group were requested to provide their name, phone number and email address to Brian M. One of the first things that would have to be done for this group is to identify the group's objectives. It was agreed that to do this members should review Phil's handout from the last meeting on this topic. . (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>).

Bonnie Apodaca

- *Financial Planning and Accounting for Capital Equipment.* (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>). A working group will be created to review this topic and to make a recommendation to the Council. Council members were requested to send the name, telephone number and email address of a person from their organization who could participate in this working group to Brian M.



Dan Becker

- *Functional Cost Definition Clarification.* Upon further review by FMSIC, it was determined that costs originally incurred by a central organization and subsequently distributed to consuming organizations, (typically, commodities such as utilities), should be reported by the site that is actually using/consuming the commodity. The organization responsible for the initial procurement of the commodity, and passing along all or a portion of the cost to the final user should not be reporting the cost that is passed on, in their Support Cost by Functional Activity Report. The main difference between these types of costs and WFO is that one is primarily a procured service/commodity with very little labor involved, and the other (WFO) is usually more labor intensive.

Marty Conger

- *Scoring of Third Party Financed Facilities.* Dean will let Jim H. know if this is an acceptable proposal.

Jim Herring

- *Raising the Capitalization Threshold.* If items that were purchased prior to an increase to the capitalization threshold must be reclassified, this would require additional effort. If the new policy were to apply to item purchased henceforth, then positive savings would occur. Consistency and comparability are the two problems affecting financial reporting if the capitalization limit were increased. When the existing level was increased in 1997, existing equipment had to be reclassified. For this recommendation to be approved, FMSIC needs to market this proposal and reference it to the thresholds of other federal agencies. The Council agreed upon \$50K as the recommended level to move to. Jim H. will send a letter to Dean requesting a change in the policy. . (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>).

Change in the Funding of Safeguards and Security.

- Concern was expressed by some of the members regarding the lack of understanding so far as the impacts associated with reverting back to the indirect funding of S&S functions. The double cost effect that would occur by going to indirect funding was one of the major concerns. The motivation for this change appears to come from Congress's involvement with reprogramming requests. The Council agreed to establish a working group that would focus on (1) how to implement the change [ie., the process used to make the change] and (2) identifying impacts from making such a change. The fiscal year this group would focus on would be FY-2006. Council members were requested to send the name, telephone number and email address of a person from their organization who could participate in this working



group to Brian M. This group would include both federal and contractor employees. Bonnie with the help of Bruce will develop a charter for the working group.

Jim Campbell

- *CFO.* A replacement DOE CFO has been nominated but not yet confirmed. Susan Grant, currently Director of Corporate Resources, Defense Finance and Accounting Service, has been nominated to become the next DOE CFO. Dr. Bruce Carnes will be returning to the Department of Energy as a Associate Deputy Secretary.

President's Management Agenda. Jim handed out the latest scorecard on the various government agencies and their progress on the five President's Management Agenda initiatives. (See handout on <http://info.inel.gov/fmsic/meetnots.htm>). A couple of areas show opportunities for DOE to move to

green and they are human capital and financial performance (i.e., how program management uses financial and performance information to make resource allocation and other decisions).

- *Competitive Sourcing.* A decision is not too far off in making a decision with the financial services organization. This probably won't impact the contractors but will significantly impact DOE. A determination will be made as to who will perform various functions, how and where. It could be DOE performing this work, or a contractor; or another federal agency performing.
- *Small Business Goals.* The department achieve its goals in this area of its operations with a target of 3.7% and an actual rate of 4.1%.
- *FY 2004 Budget.* Of the approximately \$22B requested by DOE, all but \$120M was appropriated by Congress. Additionally, offsets related to prior year uncosted obligations of \$450M must be spread among 12 or more accounts. This reduction will be spread proportionately among programs, project and activities. A report is prepared and sent to Congress explaining the carryover and uncosted balances. Conflicts between authorization and appropriation bills exist.

I-Manage/STARS Presentation. (See handouts on <http://info.inel.gov/fmsic/meetnots.htm>)

The design phase of the project has been completed and the development phase is well underway. Interface programs for all critical feeder systems are well underway. An additional 50 reports over and above the standard reports that Oracle produces are being developed. Starting in October, integration and unit testing began and will continue thru March when acceptance testing starts. The integration test is between the modules and the unit testing is within the modules. The October and November testing



will be completed November 21, 2003. Business processes and accounting processes that are scheduled to go forward with system implementation have been turned over to the training group for development. A 7 digit B&R code rather than a 9 digit B&R code will be used. What is being asked of the contractors for the initial requirements is to change the format and use SGL accounting codes rather than balance sheet codes. Neither object class nor cost center detail are required as a part of the initial requirements. Better communication of the project's requirements and progress with the contractors' Information Technology personnel was identified as a need. To address the communications issues, a FMSIC IT point of contact for each site was requested by Warren Huffer. Brian M. will identify the POCs. Warren Huffer also agreed to initiate regular conference calls with contractor staff to ensure issues and requirements are communicated. Chris Simpson is looking for participants to serve on the Standard Policy Advisory Group.

Brian Morishita

- *FMSIC All-Contractors Meeting Suggested Topics:*
 - DOE CFO
 - DOE CIO
 - FMSIC Working Group Reports
 - Gartner Group Presentation
 - Karen Evans – OMB
 - Office of Federal Policy
 - Representative from the Hill
 - I-MANAGE/STARS
 - IG – Greg Friedman
 - Procurement
 - A76 Impact and Interfaces to Contractors
 - Performance based Contracts
 - Status on Reorg of EM, SC, NSA and How They Work
 - Best Practices
 - Alternative Financing
- *Next FMSIC and All-Contractors Meetings.* The next FMSIC meeting is scheduled for April 20, 2004, Hyatt Regency Bethesda, Bethesda, MD, just prior to the FMSIC All-Contractors Meeting.